

## Message Text

CONFIDENTIAL

PAGE 01 PORT M 00282 010425Z

15

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /055 W  
----- 051891

R 010256Z APR 75

FM AMCONSUL PORT MORESBY  
TO SECSTATE WASHDC 0406  
INFO AMEMBASSY CANBERRA  
CINCPAC

CONFIDENTIAL PORT MORESBY 0282

CINCPAC FOR POLAD

E.O. 11652: GDS  
TAGS: PINS, PGOV, PP  
SUBJECT: ALLEGATIONS OF CORRUPTION IN THE PEOPLES  
PROGRESS PARTY: THREAT TO SOMARE MINISTRY

1. FOR SOME MONTHS WE HAVE HEARD OBLIQUE BUT UNSUB-  
STATIATED RUMORS TO THE EXISTANCE OF CORRUPTION  
WITHIN THE PEOPLES PROGRESS PARTY, A COALITION PARTNER  
OF THE SOMARE GOVERNMENT. IT IS ALLEGED THAT PPP  
MEMBERS HAVE ACCEPTED TRIPS, CASH, AND OTHER FAVORS  
FROM OVERSEAS JAPANESE INVESTORS, AND LOCAL CHINESE  
TRADING INTERESTS, AND THAT CHAN AS MINISTER OF FINANCE  
HAS INFLUENCED THE GRANTING OF TIMBER CONCESSIONS TO  
OVERSEAS INVESTORS ON TERMS UNFAVORABLE TO PNG. ONE  
PPP MEMBER OF THE HOUSE OF ASSEMBLY IS ON BOARD OF  
DIRECTORS TIMBER FIRM IN NEW IRELAND BACKED BY JAPANESE  
MONEY.

2. IN MID MARCH REPUTABLE PANGU PATI MEMBER INFORMED  
POLOFF THAT UNITED PARTY OPPOSITION LEADERSHIP HAD  
PRESENTED "EVIDENCE" TO THE CHIEF MINISTER OF CORRUPTION  
BY THE PPP MEMBERS INCLUDING JULIUS CHAN, AND HIS  
SECRETARY HENRY FRANCIS CHOW. THIS CONFIRMED BY UNITED  
PARTY REP. DEGREE OF CHAN'S INVOLVEMENT IS UNKNOWN.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PORT M 00282 010425Z

SOURCE STATED CHIEF MINISTER GRAVELY WORRIED FEARING

THAT ISSUE COULD JEOPARDIZE CABINET ESPECIALLY AS UNITED PARTY HAS THREATENED TO PUBLICIZE SITUATION IF SOMARE DID NOT TAKE ACTION AGAINST CHAN AND PPP.

3. FURTHER, SECOND PANGU LEADER, CLOSE TO SOMARE, INFORMED POLOFF THAT SOMARE'S INITIAL REACTION WAS TO DEFEND CHAN TO PREVENT PPP DEFLECTION AND SUBSEQUENT DOWNFALL OF THE CABINET. ALSO SOMARE CONSIDERS EVIDENCE AGAINST CHAN TO BE INCONCLUSIVE, AND DOES NOT WANT A PROLONGED AND MESSY CORRUPTION INVESTIGATION SURFACED ON THE THRESHOLD OF INDEPENDENCE. HE ALSO SUSPECTS UNITED PARTY WANTS TO REPLACE PPP IN COALITION. LASTLY, BUT OF GREAT IMPORTANCE, SOMARE IS SAID TO BE LOATH TO POLITICALLY DESTROY A COLLEAGUE WHO HAS BEEN HARD WORKING, EFFECTIVE OVER A BROAD RANGE OF ISSUES, AND AT HIS SIDE DURING THESE PAST TWO DRAMATIC YEARS.

5. COMMENT: WHILE THE BELIEF IS STRONG IN UNITED PARTY AND SOME PANGU CIRCLES THAT CHAN HAS ABUSED HIS POWERS AS MINISTER OF FINANCE, IT IS NOT AT ALL CLEAR THAT HE HAS ACTUALLY ACTED IN VIOLATION OF PNG LAW. UNTIL THE RECENT PASSAGE OF THE NATIONAL INVESTMENT DEVELOPMENT AUTHORITY ACT, THERE WERE FEW LEGAL GUIDELINES REGARDING INVESTMENT PRACTICES HERE.

OLMSTED

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CORRUPTION, POLITICAL PARTIES, ALLEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PORTM00282  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750111-1102  
**From:** PORT MORESBY  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750493/aaaadhat.tel  
**Line Count:** 86  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MartinML  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 JUL 2003 by ShawDG>; APPROVED <12 NOV 2003 by MartinML>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ALLEGATIONS OF CORRUPTION IN THE PEOPLES PROGRESS PARTY: THREAT TO SOMARE MINISTRY  
**TAGS:** PINS, PGOV, PINT, PP  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006